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**CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence**

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MEMORANDUM

SINGAPORE

1. Extreme left wing dissidents, led by pro-Communist Lim Chin Siong, have bolted Singapore's ruling People's Action Party (PAP) and announced the formation of a new party. This leaves Premier Lee Kuan Yew and other PAP moderates who control the government and the formal party machinery with a one vote majority in the national assembly. Any further defections could lead to the resignation of the moderate socialist PAP government and general elections probably resulting in a more radical government in which pro-Communists leaders would hold the balance of power. Lee may be given a breathing spell to consolidate his remaining support, however, since the assembly is adjourned for three months and Lee is in firm control of the party executive committee.

2. The PAP which previously had been the best organized and only island-wide party in Singapore has received a crippling blow. In the present confusion it is impossible to

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make a final assessment of the damage but the extremists are believed to control the key organizations that formed much of the party's mass base--the industrial unions, militant student organizations and rural associations. Most of these groups will be drawn into the new party. The unorganized, lower income Chinese in Singapore who form a large segment of PAP supporters, have also become disenchanted with PAP since its landslide election in June 1959. These voters, who were attracted by the radical image PAP projected during the campaign, have been dissatisfied with its basically conservative economic policies dictated by the need to attract private investment in Singapore's development. The new party will exert a strong attraction on them.

3. Since it's founding in 1954 PAP has been a strained and unnatural alliance between a group of British educated intellectuals, democratic socialist in orientation, and a group of pro-Communist trade unionists who had a considerable mass following. Despite continuing infighting and jockeying for position, the two elements were able to maintain a loose alliance until the pressure of recent electoral reverses and diametrically opposed views on a possible merger with the Federation of Malaya forced a break.

4. Political and economic association with Malaya has been a principal policy of the PAP government which considers that Singapore's economic problems--ten percent of the work force is unemployed and the birth rate is one of the worlds highest--are insoluble unless the island is integrated into a larger market area. Until recently, Malaya's suspicion of the leftist drift in Singapore politics and concern that Singapore's Chinese population would tip the racial balance in Malaya made the prospect of merger seem dim. However, on 27 May in a sudden about-face Malaya's premier, Tunku Abdul Rahman, proposed a confederation of Malaya, Singapore and British Borneo. The PAP government enthusiastically endorsed the project but the extremist faction in PAP, fearing that merger with an anti-Communist Malaya would threaten their position, came out publicly against the proposal. The interests of both factions were deeply engaged and irreconcilable; a break was inevitable.

5. In the present situation it is doubtful that Prime Minister Lee could sell the federation scheme to the Singapore electorate. It is also probable that the sharp swing to the left in Singapore and Lee Kuan Yew's raw opportunism during the past week--he charged the PAP split was inspired by the British--has revived all of Tunku Rahman's earlier reservations

on association with Singapore. The British, who would like to turn over responsibility for Singapore and its difficult problems to Malaya, are attempting to smooth over relations but the damage cannot easily be repaired.

6. The position of the British who retain control of Singapore's defense, foreign affairs and a voice in internal security is likely to become more difficult as a result of the political instability. The extreme left has demanded an end to British limitation of Singapore's sovereignty and the PAP moderates will almost certainly be compelled to bait the British in order to project a popular anti-colonialist image. Unless there is disorder and a breakdown in internal security the British probably will not intervene or rescind the constitution.

7. It seems doubtful that the PAP will be able to survive the remainder of its term which expires in 1964. Unless Lee Kuan Yew can attract Singapore's political moderates to the PAP banner, and there is no present indication that he could succeed, PAP would probably lose a general election held within the next few months. The most likely successor to the PAP would be a government further to the left, anti-Western in policy and committed to early independence from Britain.